

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

October 24, 2008

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Hawaii

Forfeiture of General Lease No. S-4577, Mauna Ziona Congregational Church,
Lessee, former Kalaoa School Lot at Kalaoa 4th, North Kona, Hawaii, Tax Map
Key: 3rd/7-3-04:05.

PURPOSE:

Forfeiture of General Lease No. S-4577, Mauna Ziona Congregational Church, Lessee.

LEGAL REFERENCE:

Section 171-39, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at former Kalaoa School Lot, Kalaoa 4th, North
Kona, Island of Hawaii, identified by Tax Map Key: 3rd/7-3-04:05, as shown on the
attached map labeled Exhibit A.

AREA:

1.44 acres, more or less.

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHARACTER OF USE:

Youth athletic and educational activities purposes. Also Lessee shall be allowed to use
the existing residence on the premises as a caretaker's residence.

TERM OF LEASE:

35 years, commencing on June 15, 1978 and expiring on June 14, 2013.

ANNUAL RENTAL:

\$100.00 due in annual payments.

REMARKS:

Pursuant to the authority granted the Chairperson by the Board of Land and Natural Resources at its meeting of January 11, 1980 and the breach provision contained in General Lease S-4577, Mauna Ziona Congregational Church, Lessee, was served a Notice of Default by certified mail dated April 25, 2008 for:

- ☐ Failure to keep lease rental payments current
- ☐ Failure to post required performance bond
- ☐ Failure to post required fire insurance policy
- ☒ **Failure to post required liability insurance policy**
Expired as of 11/1/07

Said notice, accepted by the Lessee on April 27, 2008, offered the Lessee a sixty (60) day cure period to correct the default. This cure period expired on June 25, 2008. As of October 7, 2008, this breach has not been cured. Staff contacted Hawaii Conference Foundation on Oahu, which Mauna Ziona Congregational Church is affiliated, but they too are having issues with the church and have no current contact person or telephone number. Staff also attempted to contact insurance agent at New Vision Insurance and was unsuccessful, as telephone number is no longer current.

On August 4, 2008, the Land Division office in Honolulu received a copy of an insurance certificate purportedly issued by New Vision Insurance for the policy period 11/01/05 to 11/01/06. However, this certificate did not cure the default because it covers an expired policy period. Moreover, after consulting with the Department of Commerce and Consumer Affairs, it appears that New Vision Insurance is not registered to do business and is not licensed to issue insurance policies in the State of Hawaii. On October 3, 2008, the Hawaii District Land Office informed the Lessee by letter of their continued default and the expired cure period.

As of October 7, 2008, the current status of all lease compliance items is as follows:

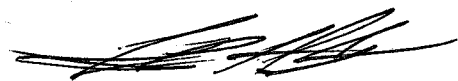
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|--------------------|---|
| RENT: | The Lessee is current with all rent obligations. |
| PERFORMANCE BOND: | At its meeting of November 20, 1997, Item D-7, the Board approved the release of Performance Bond for General Lease No. S-4577. |
| INSURANCE: | The Lessee has not posted the required fire and liability insurance policy. |
| CONSERVATION PLAN: | Not required. |

Lessee has had two other Notice of Default served by registered mail on May 15, 1997 and November 17, 2004, for not posting the required fire and liability insurance. On both occasions lessee was able to cure the breach and no other forfeiture action was taken.

RECOMMENDATION: That the Board:

1. Authorize the cancellation of General Lease No. S-4577 in the manner specified by law;
2. Authorize the retention of all sums heretofore paid or pledged under General Lease No. S-4577 to be applied to any past due amounts;
3. Terminate the lease and all rights of Lessee and all obligations of the Lessor effective as of October 24, 2008, provided that any and all obligations of the Lessee which have accrued up to said effective date or which are stated in the lease to survive termination shall endure past such termination date until duly fulfilled, and further provided that Lessor reserves all other rights and claims allowed by law; and
4. Authorize the Department of the Attorney General, the Department of Land and Natural Resources, or their agents to collect all monies due the State of Hawaii under General Lease No. S-4577 and to pursue all other rights and remedies as appropriate.

Respectfully Submitted,



Gordon C. Heit
Land Agent

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Interim Chairperson

EXHIBIT A

